
MANUFACTURED HOUSING STUDY

TASK FORCE REPORT to BAY AREA CITIES & COUNTIES

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Association of Bay Area Governments

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DT: November 24, 1980

TO: Local Government Officials, Task Force Members,
Industry Representatives, and Concerned Citizens

FM: Revan A. F. Tranter, Executive Director

RE: MANUFACTURED HOUSING STUDY: Task Force Report to Bay Area
Cities and Counties

The enclosed report on manufactured housing is the result of a six-month study by ABAG's housing development program staff, working with a task force representing manufacturers, financial institutions, mobilehome residents, and state and local governments. The principal aim of the report is to contribute to a better understanding of manufactured housing among those who are looking for ways to help meet the Bay Area's need for more affordable housing. The report also contains a number of recommendations for government and private sector actions that would promote the industry's ability to better meet the housing needs of Bay Area residents. ABAG staff would appreciate hearing any questions and/or comments you may have on the report, as manufactured housing will continue to be one of the concerns of our comprehensive planning and technical assistance programs. Please direct your questions and/or comments to Jean Safir, project coordinator for this study.

One of the task force recommendations that staff is ready to carry out as soon as possible is to organize field trips to manufacturing plants and mobilehome parks. Industry representatives have agreed to work with us in making the necessary arrangements so that more people can gain an understanding of today's manufactured homes. Now all we need is to hear from those who are interested in participating. Please call at (415) 841-9730.



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November 1980

INTRODUCTION

This study has been undertaken by the Housing Development Program staff of the Association of Bay Area Governments (ABAG) primarily to assist local governments in their efforts to find ways to help meet the need for more affordable housing. With housing production currently at half the rate of estimated need and eighty percent of potential home-buyers unable to qualify for a mortgage on a conventional home, concerned public and private officials have become increasingly interested in manufactured housing as a viable option to help meet this need.

Some of the major concerns addressed by this study were the following:

- o the limited public understanding of the dramatic improvements in the quality of manufactured housing being produced today and of government-enforced standards regulating the industry, compared with 15-20 years ago;
- o the extensive changes in state law that have been enacted in the past two years and will have an immediate and far-reaching impact on the manufactured housing industry and on local governments' responses to the industry;
- o the large numbers of people, many retired and elderly, currently living in mobilehomes that are widely varied in condition, age, and amenity, who are suddenly faced with external pressures to pay higher rents and taxes, and/or relocate to other areas as they find their homes are on land that has become too valuable for its current use;
- o the capability of manufactured housing to be produced at costs substantially less than conventional housing, and the need to ensure that these benefits are passed on to the home-buyer; and
- o the growing market for manufactured housing among younger families, unable to find conventional housing that meets both their needs and their financial limitations, and the industry's efforts to grow and adapt quickly to serve this market.

An advisory task force made up of industry representatives, mobilehome residents, local and state government officials, and financial institutions worked with ABAG's housing staff in this effort.* The task force

* The task force has provide valuable information, insights, and advice in the course of this study. The recommendations contained in this report, however, as well as any errors or omissions in factual material, are the responsibility of ABAG staff. A list of task force members follows the titlepage.

met monthly, from February to September 1980, to consider the various problems and opportunities connected with the increased use of manufactured housing and to guide staff in developing the recommendations contained in this report. Task force members have agreed to remain available to assist in implementing these recommendations.

During the course of the study, three working papers were produced by the staff and reviewed with the task force:

- #1 - "Present Status of Manufactured Housing," February 29, 1980.
- #2 - "The Manufactured Housing Industry," May 22, 1980.
- #3 - "Summary of Major Issues and Recommendations," September 1980.

Their purpose was to identify the principal issues, problems, and prospects for manufactured housing in the Bay Area, and to guide the development of this final task force report. With the publication of this report, the earlier papers have become, in effect, obsolete, since the material from them that was found to be useful has been absorbed into this report.

Two field trips were conducted to manufacturing plants by staff and task force members, to gain first hand information on the processes and materials used in producing mobilehomes and factory-built housing. This report reflects the many diverse perspectives and the broad array of concerns that were presented and examined throughout the study. The final section outlines activities that ABAG staff will pursue to further implement the recommendations contained in the body of the report.

Because the manufactured housing field is currently in a state of flux, as manufacturers, consumers, financial institutions, and government have become increasingly caught up in the current period of dramatic changes underway, terminology has become somewhat confused. The following definitions, taken from state regulations, were found to be simple and useful, and were adopted for the purpose of this report:*

- "Manufactured housing" means both mobilehomes and factory-built housing;
- "Mobilehome" means a structure transportable in one or more sections, designed and equipped to contain not more than two dwelling units to be used with or without a foundation system. "Mobilehome" does not include a recreational vehicle or factory-built housing.
- "Factory-built housing" means a unit which is either wholly or mainly manufactured at an offsite location and is assembled onsite. It does not include a mobilehome, mobile accessory building or structure, or a recreational vehicle.
- "Modular home" or "modular unit" means factory-built housing as defined above.

* California Administrative Code, Title 25, Section 6410.

GROWTH AND CHANGE IN MANUFACTURED HOUSING

The post-World War II housing shortage forced many people to settle into whatever housing they could find. Many people found travel trailers to be both available and affordable. The travel trailers of this period were 8 feet wide, 25 feet long, had 200 square feet of living space, and could be towed by an automobile.

By 1960, the typical size of the units had been increased to ten feet wide, 48 feet long, and 480 square feet of living space. As a result of the two-foot increase in width, a commercial hauler instead of an automobile was needed for moves. The manufacturing industry had then changed the name of the units to "mobile homes" as a way to upgrade their image. Gradually they have come to be known as "mobilehomes" or, increasingly, as "manufactured housing."

As changes in the construction, size, and amenities offered made mobilehomes more like conventional site-built housing, these dwellings have begun to represent a significant element of the single-family housing market. A Department of Housing and Urban Development (HUD) study published in 1975 reported that in 1960 mobilehome shipments represented 9 percent of single family housing starts and 2 percent of the national housing stock. In 1970, those figures had risen to 33 percent and 3.1 percent respectively.* The HUD study also found that while there are mobilehomes in every state, four southern states and California have concentrations that represent one-third of the national stock.

In the early 1970s, the mobilehome industry was seen as being able to provide "one prime source of meeting the housing needs of...low-income families." This was part of a statement made in 1973 by George Romney, former Secretary of the Department of Housing and Urban Development, as he announced an 18-month freeze on federally subsidized housing programs. "The private conventional housing market has demonstrated its capacity to meet the nation's housing needs particularly when you add approximately 600,000 mobilehomes to total housing starts," Romney was quoted in the Berkeley Daily Gazette of March 17, 1973. With 2.4 million housing starts in 1972, the Gazette reported, it was estimated that mobilehomes constituted 25 percent of the total.

Former Secretary Romney had long been a supporter of the mobilehome industry and was responsible for the HUD-sponsored "Operation Breakthrough," aimed at producing more moderate priced housing by promoting development and adoption of industrialized housing production methods.[±] The program was started in

* U.S. Department of Housing and Urban Development, Report on Used Mobile Homes (Washington, D.C.: GPO 1975) pp. 11-16.

[±] See: "Operation Breakthrough," U.S. department of Housing and Urban Development, 1972.

1969 and by the summer of 1972 twenty-seven states had adopted regulations permitting factory-built housing in any community and overcoming traditional constraints such as diverse and restrictive building codes. None of these states had had such regulations in effect before the "Operation Breakthrough" program started.

Briefly, the program selected nine prototype sites and awarded special subsidies for the development of model site plans and innovative construction methods. Together, these nine projects produced about 2700 units in eight metropolitan areas across the country. An additional 25,000 homes were produced under the program "in the competitive marketplace," using industrial construction methods but no special subsidies from the HUD program.

FEDERAL AND STATE REGULATIONS*

Federal construction standards for mobilehomes were adopted in 1974 and went into effect June 15, 1976**. That was an important milestone for the industry and the consumer, in that the federal standards provided nationwide uniformity and predictability for both. Federal regulation assures the manufacturers that there is only one set of construction standards with which to comply, no matter where they build or where they sell their products. Regulation also helps to minimize production costs as well as the consumer prices. At the same time, consumers are assured that all manufactured homes built since the 1974 law took effect meet minimum standards for safety and durability. The federal standards supersede any state or local regulations on the same subject.

The regulations apply to the design as well as to in-plant inspection of the manufactured product. The construction drawing must be reviewed in detail and approved prior to manufacture. Before a mobilehome unit leaves the factory, it must be inspected and certified as being in compliance with the federal standards. The features that are regulated include plumbing and electrical systems, energy-saving requirements, paneling and roof loads, and fire safety provisions. Another inspection is required when the unit is installed on the site, before it is occupied, to assure that it is properly and securely anchored to its site and that all utilities are properly connected.

Enforcement of federal mobilehome standards is the responsibility of the Department of Housing and Community Development (H & CD) in the State of California. However, the standards themselves continue to emanate from

* See Appendices A and B for more complete listings and citations.

** "National Mobilehome Construction and Safety Standards Act of 1974," which was enacted as Title VI of the Housing and Community Development Act of 1974, P.L. 93-383, August 22, 1974.

the federal Department of Housing and Urban Development (HUD), which is required to monitor state enforcement. Periodic revisions are made to the regulations in response to consumer concerns and innovations in materials and products.

The Federal Trade Commission's Bureau of Consumer Protection has recently issued a report recommending new warranty performance standards for mobilehomes * . The report indicates that manufacturers do not have effective warranty performance systems to protect homeowners. This is based on a finding that disputes between manufacturers and dealers about service obligations are reported to have caused many delays in providing repairs to mobilehome consumers. The report recommends that written agreements be required between manufacturers and dealers spelling out service obligations. New regulations are proposed that would require manufacturers to monitor repairs performed by dealers and to ensure proper transportation and set-up of the homes that they produce. Service deadlines would have to be disclosed in the warranty, so that consumers would be able to enforce their rights. The report also recommends that emergency conditions, such as lack of heat, would have to be corrected within five days after the manufacturer or dealer is notified of them. Other repairs would have to be completed within 30 days. HUD's regulation of mobilehome construction and safety standards require only that repairs and modifications be made to prevent death or injury to the owner and do not include consumer warranty provisions. The FTC report is currently being reviewed and may result in new regulations being adopted.

The State Department of Housing and Community Development (HCD) has broad regulatory functions regarding manufactured housing. In addition to enforcing Federal construction and safety standards, HCD also licences manufacturers, sales people and those who transport mobilehomes from the factory to the home site. The agency registers and titles mobilehomes and handles consumer complaints involving sales, warranties and escrow matters.

The Mobilehome Parks Act is enforced by HCD in all areas where local governments do not assume this responsibility, and that includes about a third of the localities in the Bay Area. (See Table 3, page 13.) Assembly Bill 2916, recently signed, permits HCD to charge park owners enough in annual fees to effectively enforce the Mobilehome Parks Act. Local governments may still elect to do the enforcement themselves, but their fees would continue to be limited to \$2.00 per unit. It is generally agreed that this is not high enough for the inspection and enforcement process to pay for itself and to ensure that the conditions in mobilehome parks are being maintained according to the law.

* Mobilehome Sales and Service, Federal Trade Commission, Bureau of Consumer Protection, August 1980. See also Housing and Development Reporter, The Bureau of National Affairs, Inc, September 1, 1980, p. 267.

The new legislation provides an added incentive for local governments to defer to State inspection of parks. It may also stimulate greater interest among local governments in promoting mobilehomes outside rather than within parks, since local governments may set their own fee schedules to enforce the State standards where mobilehomes are located on individual home sites. If the home is on a permanent foundation, each local government may set its own code inspection fees, just as for conventional housing.

If the Federal standards and the procedures for enforcing and revising them were given greater visibility, it would assure those who are concerned about the quality of mobilehomes that dependable standards and procedures are in place which allow for periodic review and revisions. It would also stimulate greater awareness of the standards themselves and a better understanding of the nature of today's manufactured housing among local housing officials and developers as well as the general public.

This increased public awareness could be achieved in the Bay Area by a series of workshops on the broad area of manufactured housing which would include a description of the Federal and State roles in assuring the quality of manufactured housing. These workshops could produce recommendations, based on the concerns of local governments, housing professionals, and private citizens throughout the Bay Area, for changes in the Federal standards and in State regulations and procedures. The recommended changes would then be advocated at the State and Federal levels by ABAG as part of its procedures for implementing regional housing policies.

FACTORY-BUILT HOUSING

The State also regulates the production of factory-built housing, which is conventionally built with much of the construction work performed in a factory setting rather than at the home site. Increasing numbers of conventional builders use factory production techniques in many different ways and innovations are being introduced continuously. For example, manufacturers produce an entire house or "modular unit" in the factory, with all components in place: cabinets, plumbing, wiring, etc. The building leaves the factory on a truck, just as a mobilehome does, in two or more sections, and is hauled to the home site. There it is set on a conventional foundation, which has been prepared with utility lines in and connections ready. Final work involves connecting utility lines and wall sections and applying the exterior finish.

A large number of home-builders use factory-built components, such as roof trusses or wall panels, which are carried to the job site and incorporated into the overall design. Wall sections may come with windows and doors installed, along with exterior trim, or may consist simply of the basic framing, ready for siding and interior finish.

Factory-built housing must conform to the Uniform Building Code (UBC) and the State Factory-Built Housing Law, rather than the national mobilehome laws

and regulations. Although produced under factory conditions, the construction methods and materials prescribed for factory-built housing are identical to those required in conventional homes. The procedures for plan approval and building inspection, however, are similar to those for mobilehome construction. Detailed construction drawings must be approved by H & CD. The buildings are inspected either by State agency personnel or by private engineering firms approved by the State agency to perform this function. These "quality assurance agencies" are responsible for ensuring that the homes are built according to the approved set of drawings.

COST SAVINGS

Manufactured housing can achieve cost savings in a number of ways, compared to site-built housing. This is true for all types of manufactured housing: mobilehomes, complete factory-built conventional units, and components such as wall panels or roof trusses. In the first place, the amount of skilled labor needed is significantly less, partly due to the use of automatic equipment in the cutting and assembling processes. Much of the work is done in the factory by assemblers, at a lower hourly pay scale than would be paid to journeymen in the construction trades.

Moreover, materials cost substantially less, with an estimated 10% savings in the cost of lumber. This is due to the fact that, with greater control over the entire construction process, there is less waste and less pilferage. Furthermore, the time it takes to complete a unit is greatly reduced, since factory work time is not lost in bad weather. Finally, the process of getting all the needed local building permits is simplified, to the extent that most of the work is done in a factory and subject to State regulation, inspection, and approval. This reduces both the time and the actual cost of the permits needed on each unit.

Unfortunately, it is impossible to estimate the impact of all these cost savings on the price of the final product---i.e., the cost of the manufactured home to the consumer---since the price is influenced more by the market than by the cost of production. Manufacturers have estimated that they can produce homes comparable in design and quality to site-built homes at roughly 20% to 40% less in price, not counting the cost of land or development fees. The more of the home that is produced in the factory, the higher the percentage of savings. Part of this savings is offset by the higher rates paid by builders and consumers to secure financing for manufactured compared with site-built housing. However, this difference has been shrinking and hopefully will continue to decline as the market for manufactured housing continues to improve.

MOBILEHOME TAXATION

Legislation passed in 1979 converted all mobilehomes first sold on or after July 1, 1980, from vehicle "in-lieu" taxation to local property taxation. On its initial sale, the mobilehome buyer would pay retail sales tax at 80 percent of the price to the retailer; sale of used mobilehomes are exempt from sales or use tax. Property tax exemptions would be available for homeowners, as would tax assistance for senior citizens and renters tax credit for those who rent mobilehomes. A vehicle registration fee per section would still be required at initial sale, resale or transfer of title; the annual license fee, however, would no longer be in effect. For mobilehomes purchased before July 1, 1980, as long as their owners continue to pay the annual registration fees, they will not become subject to property taxation.

The change in tax status, from motor vehicle to real estate, was prompted by the desire to provide increased incentive for local governments to permit more mobilehomes, in response to the claim that mobilehome developments do not pay their share of local municipal fees. However, it has been pointed out by Al Carlson, Santa Clara County Assessor, that many mobilehome owners would benefit by keeping their homes under the motor vehicle tax system. By continuing to pay the annual registration fee of 2 percent applied to the depreciated (vehicular) value of the home, and by claiming the renter's tax credit of \$137, the owner of a \$30,000 mobilehome would pay a total of \$1224 in taxes over a 10-year period. (See Table 1, page 9,)

Under the new system, the same home would cost its owner about \$3234 over the same period. This is principally due to the fact that the assessed value appreciates, whereas the motor vehicle value depreciates over time. Thus, the real estate tax bill would be almost three times the tax that would be due if the home remains on the motor vehicle tax roll. An \$1800 sales tax estimated on the \$30,000 home would have been paid at the time of initial purchase and would no longer be a consideration for older homes. (For homes purchased after July 1980, sales tax is paid by the dealer at 6 percent of 80 percent of the factory invoice; if passed on to the home-buyer, the purchase price on a \$30,000 mobilehome could increase by \$1104, Carlson estimates.) When a mobile home is resold, the new market value is taken as the base for the tax calculation. With resale, therefore, the total taxes paid under the real estate system would go up considerably higher than would be paid if the home were still assessed as a motor vehicle, with continuously depreciating value.

Table 1. Mobilehome Taxation, Comparing "In-Lieu" with "Ad-Valorem" Method ⁺

a. "In-Lieu Tax" Method

(Comparison based on \$30,000 mobile home for 10 years with 2% tax rate.)

Year	Depreciation Schedule	Depreciated Value	Rate	Tax	Renter's Credit	Net Tax
						\$1800*
1	85%	\$25,500	x 2%	\$510	\$137	375
2	70%	21,000		420	137	283
3	55%	16,500		330	137	193
4	45%	13,500		270	137	133
5	40%	12,000		240	137	103
6	35%	10,500		210	137	73
7	30%	9,000		180	137	43
8	25%	7,500		150	137	13
9	24%	7,200		144	137	7
10	23%	6,900		138	137	1

Total Tax \$3024

* Sales tax on purchase of \$30,000 @ 6% = \$1800.

b. "Ad Valorem Tax" - New Method

(Per AB 887 and SB 1004 valued under Proposition 13)

Year	Appreciation Schedule	Value	Rate	Tax	Homeowner's Exemption	Net Tax
1	1.00	\$30,000*	x 1.25%	\$375	\$ 87	\$ 288
2	1.02	30,600		382	87	295
3	1.0404	31,212		390	87	303
4	1.0612	31,836		398	87	311
5	1.082	32,473		406	87	319
6	1.104	33,122		414	87	327
7	1.126	33,785		422	87	335
8	1.149	34,460		430	87	343
9	1.1172	35,150		439	87	352
10	1.195	35,853		448	87	361

Total Tax \$3234

* Purchase price of \$30,000 will be subject to the Documentary Transfer Tax, which is \$1.10 per thousand in Santa Clara County, with an additional \$3.30 per thousand added in the cities of San Jose and Mountain View.

⁺ NOTE: Purchaser after July, 1980, will no longer pay sales tax on the full purchase price. Instead, under SB 1004 the dealer will pay 6% of 80% of the factory invoice.

Example: $\$30,000 + 130\% = \$23,000 \times 80\% = \$18,400 \times .06 = \$1104.$

Dealer's sales tax, which if passed on to the buyer could increase the purchase price.

Homeowner's Exemption: $\$7000 \times 1.25\% = \$87.00.$

Resales: Resales of mobilehomes will be revalued at the time of sale based on the current market value, not the depreciated value as under the present in-lieu system.

PRIVATE FINANCING

Earlier mobilehomes were financed through installment loans just as automobiles are financed. This meant a large down payment, high add-on interest and short pay-back period. This was no problem when mobilehomes were typically house trailers which cost much less than today's well-built and often elegant manufactured homes. As increasing pressure from the industry finally brought about a change in the State tax laws to allow mobilehomes to be taxed as real estate rather than as vehicles, similar pressures are being applied within the finance industry to extend conventional home mortgage terms to the mobile-home buyer.

During the 1974-75 recession, when average delinquency rates on mobilehome loans doubled and repossessions nearly tripled, many lenders were hurt and pulled out of mobilehome financing entirely. The passage of the Federal Mobilehome Construction and Safety Standards Act in 1974 helped restore lenders' confidence in the quality of materials and workmanship in modern mobilehomes. Furthermore, continued improvement of the quality and amenities offered in mobilehomes and parks, plus the sustained price gap between mobiles and site-built homes, have contributed to improved lending terms for mobilehomes.

Another contributing factor is the observation that mobilehomes in fact appreciate in value, just as site-built homes do. This is one more reason why it makes sense for them to be no longer taxed as vehicles, based on assumed depreciating value, but rather as real estate, even when they are located on rented land. Where both home and land are purchased together, the most favorable lending terms are available.

In July, 1979, the Federal Home Loan Bank Board amended its regulations regarding mobilehome financing by federally-chartered savings and loan institutions. Changes approved extend mobilehome loans to 20 years, from a previous limit of 12 to 15 years, and allow up to 90% of the total cost of the home to be financed, whether or not it is on a permanent foundation. In announcing these amendments, Acting Board Chairman Miller stated that the Federal agency "recognizes that mobilehomes have become not only a viable and attractive alternative to homebuyers, but more importantly, in many instances, represent the only hope for those who desire to purchase their own home. The significant improvements in the qualities of design, construction and durability in recent years have dramatized the need for liberalizing our regulations."*

In setting the market value of a typical mobilehome---i.e., one that is located in a park and not on a permanent foundation---appraisers take into account many of the park amenities, since these do enhance the home's attractiveness to potential buyers. Park amenities are not, however, included in determining the loan value---i.e., the amount on which a lending institution will base its loan terms. This is because the typical mobilehome may have to be moved from its present park location and the amenities---such as

* Western Manufactured Housing Institute, "1979 Annual Survey: Mobile Home Consumer Financing," 1979.

the landscaping, recreation facilities, etc.--would be left behind. If, on the other hand, the mobilehome is on a permanent foundation and the homeowner also owns the land, the property is generally appraised as real estate and is eligible for a combination mortgage loan from most lenders.

In Riverside County, the City of Perris, a mobilehome subdivision has recently been completed where the homes are on permanent foundations, have site-built attached garages and qualify for 30-year mortgages, according to Bill Murphy of HCD. Including land, the homes are selling at prices between \$60,000 and \$90,000, depending on design.

MOBILEHOMES IN THE BAY AREA

Since 1970, the number of mobilehomes in the Bay Area has doubled, from 27,125 to 54,507. (See Table 2.) During the same period, the total housing supply has increased by 25%, so that the percentage of mobilehomes has gone from 1.7 to 2.7%. One-third of the region's stock of mobilehomes is located in Santa Clara County (18,735 out of 54,507), which contains 23% of the region's total housing (469,270 out of 2,040,981.) Another third is located in the three North Bay counties of Sonoma, Napa and Solano, which contain less than 12% of the region's total housing.

In each of the twenty-eight Bay Area cities and five county unincorporated areas listed in Table 3, at least 4% of the housing supply consists of mobilehomes. Together, these jurisdictions contain 78% of the region's mobilehomes but only 35 of the region's total housing. Most of the cities are relatively small, with under 10,000 dwellings in each, but they are mainly in areas with good potential for new residential development. A few are quite large---San Jose, Hayward, Santa Rosa and Sunnyvale---and these are also likely to experience considerable growth by 1990.

Most of the manufactured homes in the Bay Area are in mobilehome "parks," and most of the parks are limited to adult residents. (See tables 4 and 5.) This was both understandable and acceptable when all of the homes were, in truth, "mobile" homes, or "travel trailers". That was the name for the sometimes stationary, sometimes mobile, home for people who had given up their conventional single-family dwellings for a more flexible way of life. Most of these were mature couples, many of whom had raised their families and felt they were ready to leave their single-family home in a typical community for a more exclusively adult life style.

Demographic data contained in a 1975 study by the City of Hayward Planning Department showed that 75 percent of California mobilehome owners were age 55 and over. In the rest of the country, by contrast, 55 percent of the mobilehome owners were age 35 and under.* In terms of racial/ethnic background, national and state data showed that well over 90 percent of all mobilehome owners were white.

* City of Hayward Planning Department, Mobile Homes and Mobile Home Parks (Hayward: Planning Department, 1975) pp.3-10.

Table 2. Bay Area Counties, Mobilehomes as a Percentage of Total Housing,
1970, 1975, and 1980*

COUNTY	4/1/70			1/1/75			1/1/80		
	Total Housing Units	Mobile- homes	Percent- age of Total	Total Housing Units	Mobile- homes	Percent- age of Total	Total Housing Units	Mobile- homes	Percent- age of Total
Alameda	379,285	3,097	0.8	420,913	5,154	1.2	444,427	6,546	1.5
Contra Costa	177,656	3,539	2.0	212,158	5,174	2.4	245,562	6,734	2.7
Marin	71,960	721	1.0	83,407	1,457	1.7	90,343	1,739	1.9
Napa	26,864	1,465	5.5	33,044	2,622	7.9	37,239	3,272	8.8
San Francisco	310,402	342	0.1	314,672	342	0.1	321,585	342	0.1
San Mateo	190,483	2,313	1.2	217,663	2,814	1.3	230,734	2,989	1.3
Santa Clara	336,874	9,679	2.9	412,053	13,989	3.4	469,270	18,735	4.0
Solano	53,762	1,889	3.5	65,544	3,451	5.3	84,113	4,232	5.0
Sonoma	78,060	4,080	5.2	99,635	7,517	7.5	117,708	9,918	8.4
REGIONWIDE	1,625,645	27,125	1.7	1,859,089	42,520	2.3	2,040,981	54,507	2.7

* Department of Finance, State of California, Housing Units by Type for California Cities and Counties, 1970 and 1975 through 1979, 1979, Report 79 E-3a, and "Controlled Population Estimates for Jan. 1, 1980."

Table 3. Bay Area Jurisdictions Containing 78% of the Region's Mobilehomes

(Mobilehomes equal 4% or more of each jurisdiction's total housing supply.)

PRINCIPAL JURISDICTION	Mobilehomes Percentage of Total Units	Number of Mobile-homes	Total Housing Units
<u>CITIES:</u>			
Yountville	41.2	317	769
Calistoga	27.4	529	1,930
Rohnert Park+	17.1	1,448	8,484
Brentwood+	14.2	220	1,546
Half Moon Bay+	13.5	349	2,583
Sonoma	13.3	378	2,850
Morgan Hill+	12.6	729	5,780
St. Helena	11.5	233	2,026
San Pablo+	10.7	897	8,419
Cloverdale +	9.4	157	1,665
Sunnyvale+	9.3	4,142	44,702
Cotati+	8.8	104	1,176
Vacaville	7.5	1,138	15,092
Union City	7.4	920	12,405
Rio Vista	5.9	76	1,290
Petaluma+	5.9	706	11,927
Hayward	5.9	2,192	36,912
Santa Rosa	5.8	1,914	33,182
Pittsburg	5.3	635	11,875
Napa	5.3	1,067	20,027
Benicia	5.2	315	6,094
Brisbane	5.1	72	1,404
Fairfield+	5.0	932	18,774
Milpitas	4.9	563	11,440
Gilroy+	4.8	343	7,194
Mountain View	4.4	1,266	28,759
San Jose	4.1	8,811	213,055
Pleasanton +	4.0	459	11,472
Subtotal	5.9	30,912	522,832
<u>COUNTIES,</u>			
<u>Unincorporated Areas:</u>			
Sonoma unincorporated	9.5	5,059	53,125
Napa unincorporated	9.0	1,126	12,487
Solano unincorporated	7.6	477	6,238
Contra Costa unincorp.	4.5	3,086	68,881
Santa Clara unincorp.	4.1	1,793	43,721
Subtotal	6.3	11,541	184,452
Principal Jurisdictions			
TOTAL	6.0	42,453	707,284
REGIONWIDE TOTAL	2.7	54,507	2,040,981

* Source: See Table 1.

+ State enforces Mobilehome Parks Act; in all other localities local government has assumed responsibility (see p. above).

Table 4. Mobilehome Spaces, Permanently Occupied, 1975 and 1979

	1975			1979			
	TOTAL	IN PARKS	NOT IN PARKS	TOTAL	IN PARKS	NOT IN PARKS (#)	PARKS (%)
Alameda	5154	4887	267	6486	6248	238	3.7
Contra Costa	5174	4975	199	6562	6210	352	5.4
Marin	1079	1076	3	1299	1288	11	0.8
Napa	2622	2622	0	3216	3122	94	2.9
San Francisco	342	0	342	342	0	342	100.0
San Mateo	2814	2802	12	2914	2901	13	0.4
Santa Clara	13989	13603	386	17955	17571	384	2.1
Solano	3451	3162	289	4218	3836	382	9.1
Sonoma	7517	6443	1074	9731	8311	1420	14.6
Region Total	42142	39570	2572	52723	49487	3236	6.1
State Total	304786	252854	51932	397140	308926	88214	22.2

Table 5. Mobilehome Residents, 1975 and 1979

	1975			1979			
	TOTAL	IN PARKS	NOT IN PARKS	TOTAL	IN PARKS	NOT IN PARKS (#)	PARKS (%)
Alameda	9156	8688	468	11770	11356	414	3.5
Contra Costa	9596	9088	508	12185	11291	894	7.3
Marin	2080	2074	6	2564	2546	18	0.7
Napa	4739	4739	0	5767	5543	224	3.9
San Francisco	684	0	684	684	0	684	100.0
San Mateo	4686	4659	27	5193	5165	28	0.5
Santa Clara	26778	16005	773	34946	34176	770	2.2
Solano	7161	6513	648	9135	8107	1028	11.3
Sonoma	14404	11822	2582	18957	15546	3411	18.0
Region Total	79284	73588	5696	101201	93730	7471	7.4
State Total	596826	476836	119990	787947	578617	209330	26.6

Source: "Mobile Home Report for 1975 and 1979," Report 79 MH-1, Population Research Unit, Department of Finance, State of California, November 1979.

LAND USE CONTROLS

ABAG's Projections '79 report* indicates that most of the areas in the region that contain mobilehomes are expected to grow considerably faster in the next 20 years than the region as a whole. It would appear, therefore, that manufactured and factory-built housing may expect to share in that growth. On the other hand, a brief survey of the current zoning ordinances of several of these communities indicates that future growth may be severely restricted by the types of regulations in effect. For example, many ordinances require mobilehome developments--whether mobilehome parks, subdivisions, or individual lots--to pass design review, whereas conventional housing is rarely subject to such a requirement. It is also not uncommon for local governments to require that mobilehome parks be surrounded by a 6-foot masonry wall, or to require that they be accessible only from major streets. Many communities have restricted mobilehomes to parks and restricted parks to sites that are generally considered undesirable for residential development, such as adjacent to major highways, industrial areas or sewage treatment plants.** Thus, they are forced by local ordinance to be planned as isolated developments, cut off from the surrounding community.

Our research suggested that local governments should revise their zoning ordinances and permit mobilehomes or factory-built housing, once they have been inspected and approved under appropriate Federal and/or State regulations, to be developed under the same type of land use controls that are applied to conventional housing. This position taken by the task force was based on the fact that today's manufactured homes have been found to be equivalent to conventional "stick-built/site-built" homes in materials and construction quality. If they are placed on permanent foundations on single-family lots, they are subject to the same local inspections as conventional homes, with regard to utility and service hookups. The two major obstacles to their acceptance as individual units into most communities have been their aesthetic compatibility and the safety of their foundation systems, but these are being overcome by improvements being made by the industry itself.

By the time this final report was in process, state legislation had been enacted (SB 1960) which essentially brings the Task Force's recommendation into effect. The new law will permit mobilehomes constructed under the National standards to be placed on permanent foundations on land zoned for single-family residences within any locality. The homes would be subject to the same density controls, lot sizes and front and side yard requirements as conventional dwellings permitted in the same areas. Special architectural and aesthetic requirements which are normally not applied to conventional "site-built" housing would be permitted for mobilehomes, but only limited to roof overhang, and roofing and siding materials.

Local governments are now required by State law (AB 1564, effective January 1, 1980) to consider mobilehomes as one of the appropriate resources available as they prepare or revise their housing elements and action programs to meet local housing need. SB 1960 will further reinforce the new role that manufactured housing can play in meeting local and regional housing need.

* Association of Bay Area Governments, January 1980, page II-16 and following.

**See Readings in Mobilehome Zoning, Taxation and Costs of Ownership (Sacramento: California Dept. of Housing and Community Development, 1978).

DESIGN FOR DIVERSIFIED MARKET

A nationwide survey was conducted in 1979 by National Family Opinion, Inc., for Foremost Insurance Co. to find out something about the people who live in mobilehomes.* Included in the survey were 4469 respondents, out of an estimated 10 million people living in mobilehomes. Since the sample was so limited, the survey gave no information about mobilehome residents in the Bay Area; the report refers to nationwide averages only.

Nonetheless, it is interesting to note that more than half of all existing mobilehomes are sited on private property, 44 percent are in parks and only 3 percent are in mobilehome subdivisions. Four out of five of the respondents live in single-wide units, and two out of three households consist of one or two people. The "major drawback to mobilehome living" identified by 36 percent of the respondents was shortage of space, indoor and outdoor. The second most common complaint was "poor construction/not sturdy/hard to make repairs." The median model year of the homes occupied by respondents was 1973, indicating that half were then more than seven years old. The average original purchase price was reported to be \$8930, with current (1979) resale value estimated at \$10,857 and median monthly finance payments of \$143. Median family income of mobilehome owners was reported as \$9481, with 67 percent of the male respondents and 26 percent of the females employed full time.

In interpreting these results, it is important to keep in mind the fact that the nationwide averages may have limited relevance in describing mobilehome residents in the Bay Area. For example, we know that over 90 percent of the mobilehome residents in this region live in parks, compared with less than half that proportion nationwide. (See tables 4 and 5, page 14.) Nevertheless, the results of this survey may provide some interesting insights as to the characteristics of potential mobilehome buyers, who may be quite different from those now living in mobilehomes here.

One explanation for California having such a heavy preponderance of "adults only" mobilehome communities, as contrasted with most of the rest of the nation, is the number of people who have retired to California, combined with the fact that the mobilehome park of today evolved from the "trailer park" of earlier years. In addition to those already here who have chosen mobilehome living upon retirement, the growth of this segment of the population in California through migration has provided a ready market for the increasing numbers of mobilehome parks designed exclusively for adult residents.

It is to be expected that the "adults only" market will continue to be a strong one, with many mobilehomes sold in the future likely to be bought by elderly couples with the same needs and concerns suggested above. However, a new set of trends has appeared which indicate that a much more diversified market needs to be addressed by the manufactured housing industry. These are the moderate-income families with children, and the young couples getting ready to start their families, who cannot afford to buy a conventional single-

* This survey was reported in Builder magazine, April 1, 1980, page 40.

family home as previous generations have done in similar circumstances. In order for the mobilehome industry to serve their needs--and this is undoubtedly an enormous market--both the homes and the types of development in which they are located need to be designed to serve a wider range of life styles. For example, more space should be set aside for active outdoor recreational activity in neighborhoods that are to accommodate children. Also, the site plans should provide for future room additions, as families grow. (Incidentally, this is one rarely mentioned advantage that manufactured housing provides over conventional housing: greater flexibility for a family to add living space without changing location.)

An even more important consideration, however, in widening the focus of the manufactured housing industry so that it can better address the needs of young and growing families is the relation of housing development to community facilities and services. The typical mobilehome park is not large enough to support its own elementary school, as one prime example. Adults living alone or with others of similar age are generally more mobile and more independent than members of families with growing children. Where residential developments are unable to provide facilities and services needed, they should be linked closely to the surrounding community which does provide such services to the larger population. This means that mobilehomes developed for families should be integrated into the general community, whether they are developed as "parks," as conventional subdivisions or planned developments ("PUDs", or scattered among conventional housing.

Most of the mobilehomes currently located in the Bay Area are in mobilehome parks, according to data collected by the State Department of Finance. (See tables 4 and 5, page 14:6 percent or 3236 mobilehome spaces not in parks out of 52,723 spaces total in the region.) As a result, most communities have had relatively little experience dealing with mobilehomes that are located on conventional building sites. This is in sharp contrast with other parts of California where close to 25 percent of the mobilehome spaces are not in parks.

Mobilehome builders proposing development on infill sites encounter resistance regarding the compatibility of their designs with surrounding conventional homes. Many of the mobilehomes and factory-built homes being produced today are indistinguishable from contemporary conventional housing. However, both the former and the latter would clash with architectural styles and materials used in older residential neighborhoods throughout the region. If manufactured housing is to be acceptable in older communities, manufacturers need to make available a selection of designs that are compatible with older homes. Also, in order to take advantage of infill sites that can accommodate higher density housing, two- and three-story residential developments should be designed to take advantage of manufactured housing techniques. (A number of innovations of this type have been developed but none has actually been built yet in this region.)

IMPACT OF LAND COST

Much of the homebuilding of the future will take place on infill sites, on land that has been skipped over by the rapid pace of expanding urban development. This will be true of mobilehomes and factory-built housing as well, and is in sharp contrast with the type of sites that have typically been chosen in the past for mobilehome parks. It will also be true for other kinds of housing built for moderate-income buyers. Because such housing is generally designed at the outset to sell at low to moderate price, the land on which it is placed typically has had to be available at a moderate price also. Therefore, the distance from densely built-up areas has been a key factor influencing the selection of the site. (The exception has been subsidized multi-family housing, where government funds have been made available through grants, low-interest loans or mortgage insurance or guarantees, to enable housing for low-income people to be placed on land with relatively high market price.)

As more of tomorrow's housing is built on higher-cost land--more valuable because better served by needed facilities and services and closer to job centers--it becomes necessary to guard against the automatic conclusion that the housing also has to be high-priced and high-cost. This suggests that the rule of thumb that the land cost is 20-30 percent of the cost of the finished home may no longer be valid. In order to provide development sites for manufactured housing, it should be possible to overcome the unwritten law that expensive land dictates an expensive house.

Where new manufactured homes are developed on infill sites, it will also be necessary to find ways to minimize the impact of high land cost on the moderate income home-buyer.* One way to do this is to enable the home-buyer to rent or lease the land as is now done in mobilehome parks but for longer term leases. A non-profit community organization or neighborhood association could hold title to the land and provide long-term leases to owners of mobilehomes. In some cases, a public agency--such as a school district--may offer surplus properties for lease to private housing developers. This has recently occurred in San Francisco and is being considered in other areas as well. It can provide long-term income for the public agency and at the same time enable a non-profit organization to develop housing for moderate income people. The land cost is kept at a minimum for the home-buyer, who pays only a monthly rent on the land. Lower income mobilehome owners may also qualify for federal assistance under the Section 8 Existing program to pay a portion of the land rent. (See Appendix A.)

Another way to keep land costs down is for the mobilehome park to be developed as a non-profit cooperative. The individual home-buyers would own stock in the cooperative which, in turn, would own the land. Monthly payments would be based on the actual expenses of managing the park, shared by all the homeowners. At present, the closest mobilehome cooperative to the Bay Area is located in Scotts Valley in Santa Cruz County.

* The land cost issue is quite similar for mobilehomes as for conventional homes built for moderate income families, and the solutions may be quite similar also.

STABILIZE ZONING TO PREVENT DISPLACEMENT

Many existing mobilehome parks were initially developed as interim uses for land on the outer fringes of urban areas--land that was initially purchased as a long-term investment and held for future industrial or commercial development. When mobilehomes were truly "mobile," this seemed to be an appropriate use and not one that would eventually result in a hardship to residents. Now, however, with developable land getting very scarce and with mobilehome parks providing permanent residences, the situation has changed. The pressure to convert the land to a "higher" use, one that can earn greater income, is causing the threat of direct displacement to many park residents and the prospect of higher land rents to many others. Some mobilehome owners are unable to afford higher rents and may be forced to sell their homes at unfavorable prices, rather than try to move them and risk losing even more if the home cannot withstand the physical stress of being moved. Moving a mobilehome can cost \$2000 or more, and there are few vacant spaces available in most areas. In Concord, for example, twenty spaces are reported as vacant out of 1540 total. Mobilehome residents faced with rent increases must compete for the few spaces available and, if they move, could easily end up in the same situation in a short time.

Recently proposed state legislation (AB 3372, Kapiloff) would have required mobilehome park owners to pay relocation benefits or purchase tenants' mobilehomes when there is a change of land use. That bill failed to get enough support in committee to reach a floor vote, but the concern is a growing one and similar legislation may well be introduced next session. In response to the same set of pressures, many communities have been considering rent stabilization ordinances for mobilehome park spaces in order to limit the impact of rising land prices on park residents. Since many of these are elderly retired couples, living on fixed or declining incomes, with inflation eating away their savings, higher rents would be a severe burden. A few communities in the Bay Area--Hayward and Cotati, for example--have already adopted such regulations, and others may soon follow suit.

This concern is certainly a legitimate one, and it can be met by several solutions, only one of which is rent control. Others would include formation of condominiums or cooperatives among mobilehome park residents in order to purchase the park property, rather than see the park sold to a new owner who would either raise the space rents or close the park and redevelop it into another use.

A manual recently published by the State Department of Housing and Community Development (H&CD) describes in detail the procedures for setting up such a cooperative and also outlines the advantages and the difficulties involved.* The key advantage of a cooperative is that the mobilehome owner becomes a stockholder in a corporation that owns the land and also has a long-term lease agreement for the space that his home occupies.

* An Introduction to Cooperative Conversions, Dept. of Housing and Community Development, State of California, July 1980. (Prepared by Community Economics, Inc.)

In order for residents to purchase the land in such an instance, the local government would have to ensure that the residential use designation will be protected. Zoning ordinances and maps should be checked to determine whether mobilehome parks are located in residential zones, and whether the permitted densities are consistent with those of the existing mobilehome parks. Where appropriate, the zoning should be changed in order to give stability to the mobilehome use. Such a change in land use and zoning designation has recently been approved in the City of Sunnyvale, where almost 3000 mobilehome owners had been facing the possibility of displacement.

Zoning for residential use is only a limited solution, however, in areas experiencing a high demand for new housing. Mobilehome parks cannot long compete for land where conventional condominium developments are proposed, as in Sunnyvale, at substantially higher densities. The State Legislature recently approved AB 2234, which will have an impact on this type of situation in the future. It requires that the rental agreement between the park owner and each mobilehome owner contain a notice as to the nature of the zoning and the date of expiration of the current use permit under which the park operates. It also requires the park management to notify all tenants of any change in such zoning or use permit status, including any application for a change in zoning or use. The law also states: "At the time of filing a tentative or parcel map for a subdivision to be created from the conversion of a mobilehome park to another use, the subdivider shall also file a report on the impact of the conversion upon the displaced residents of the mobilehome park to be converted... The report shall address the availability of adequate replacement space in mobilehome parks of comparable quality which are within a 100-mile radius of the park proposed to be converted and which would accept the mobilehomes of such displaced residents." This new law provides substantially more protection for mobilehome residents than they now have with regard to displacement, but it does not preclude its possibility.

CONCLUSION

The objective of this study has been to identify and clarify the principal issues connected with manufactured housing, particularly with regard to its potential for meeting the Bay Area's growing need for more affordable housing. These issues affect the residents and potential buyers of manufactured homes, financial institutions, and all levels of government, in addition to the home manufacturers themselves.

In the process of examining the many issues that were identified, the Task Force discussions pointed to a number of recommendations that are included in the body of this report. In summary, these suggest that manufactured housing should be viewed as housing, in the full sense of the term, since it is meeting the shelter needs of a growing segment of the population. Government regulations and private business practices should be modified to reflect this fact. This implies that local government should permit more manufactured housing to be built, according to optimum standards for safety and durability and consistent with community concerns regarding land use, density and aesthetic values. It also implies that the manufacturers of mobilehomes and factory-built housing will have to turn out products that are compatible with architectural styles of earlier periods and yet respond to today's need for higher density development. More importantly, it implies that manufactured housing should be designed to meet-- and should be allowed to meet-- the full spectrum of housing needs, and not be limited to serving only one segment of the population.

The final section of the report identifies the activities that will be carried out by ABAG staff to continue the work of the Manufactured Housing Task Force. These activities will be a part of the broader efforts of the Housing Development Program, aimed at expanding housing opportunities to meet local and regional housing need.

FURTHER ACTIONS BY ABAG STAFF

- ① Complete Task Force Report, consolidating three working papers, and distribute to RPC and member governments, consumers, and industry representatives for review and comment. Also, send to federal and state housing agency representatives.
- ① Develop slide show. Seek financial support from industry associations and state and federal agencies. Work with California Manufactured Housing Association slide show but expand coverage.
 - Mobilehome parks, subdivisions, scattered sites; for adults only and for families with children.
 - Mobilehomes, compared with factory-built housing, compared with conventional homes.
 - Manufactured process of mobilehomes and factory-builts.
 - Government regulations and inspection of plans, construction, foundation, installation.
 - Financing availability, for home purchase and for park development, including government assistance.
 - Consumer protection requirements and procedures, federal and state.
 - Local government concerns re land use and design issues, community facilities, taxation, etc.
- ① Conduct workshops, addressed to elected officials and staff of local governments, real estate industry, community groups, others interested in increasing supply of affordable housing.
 - Joint sponsorship with H&CD and HUD, as funding agencies, if possible.
 - Panel of experts on same range of subjects covered by slide show; supplement and elaborate material in slides and script; respond to questions and comments.
- Organize field trips, initially for elected officials and planning commissioners, later include signups from workshops.
 - See parks, family and adults only; manufacturing plants of mobilehomes and factory-built housing; mobilehome subdivisions; see different types of foundations; compare old and new types of mobilehomes, old and new types of parks.

- ① Present findings at council and board of supervisors meetings, housing advisory committees, planning commissions, neighborhood groups, industry groups, etc.
 - Present slide show, bring industry representatives, etc., as appropriate.
- ① Assist local government staff, on request, to develop changes in land use regulations and/or review procedures regarding mobilehomes and/or factory-built housing.
 - Work sessions
 - Send copies of research documents: reports, regulations, codes, etc.
 - Assist in presentations to planning commissions, etc.
- ① Work with industry groups and individual representatives to improve their understanding of trends in consumer market, changes in demand, and in characteristics of potential buyers, local government concerns, etc.
- ① Continue to monitor changes in legislation, regulations, and procedures; public and private financing, new production methods and materials, design innovations, etc.
- ① Issue update report, next June to September 1981, on further changes that have taken place and to re-evaluate future focus of ABAG concerns.

APPENDIX A. MAJOR FEDERAL LAWS AND REGULATIONS

The National Mobile Home Construction and Safety Standards Act was adopted as Title VI of the Housing and Community Development Act of 1974. HUD's regulations apply to all mobilehomes that entered the first stage of construction by June 15, 1976, and they preempt state regulations. The Office of Mobile Home Standards under the Assistant Secretary for Neighborhood and Nongovernmental Organizations and Consumer Protection carries out HUD's responsibilities under this Act. (42 U.S.C. 5401, et seq; P.L. 93-383; regulations at 24 CFR 3282). The regulations establish:

- requirements for state agencies to be approved as primary inspection agencies or to participate in monitoring activities;
- requirements for private inspection and engineering organizations that wish to qualify as primary inspection agencies;
- inspection procedures to be carried out in mobilehome manufacturing plants;
- procedures for manufacturers to receive approval of mobilehome designs;
- procedures for manufacturers to obtain production inspections and certification labels for mobilehomes;
- prohibitions against the sale, lease, or distribution of mobilehomes which do not have federally approved labels; and
- consumer complaint handling procedures.

Uniform Relocation Assistance and Real Property Acquisition Regulations specify conditions under which mobilehome owners are eligible to receive moving expenses, replacement housing, mobilehome park entrance fee, if they are displaced as a result of HUD-assisted projects. (Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, 42 U.S.C. 4601 et. seq.; regulations at 24 CFR Part 42: Sec. 42.501 et. seq.)

The Title I Mobile Home Loan Program was first authorized by Title I of the Housing Act of 1969. Under this program, HUD provides federal insurance to financial institutions when they make loans for purchase of new or used mobilehomes. The borrower must intend to use the home as her/his principal place of residence, and the home must be placed in a HUD-approved mobilehome park on a site owned or leased by the borrower that meets HUD/FHA standards and local government regulations. (Regulations at Part 201: Subpart B.)

The Veterans Administration (VA) Mobile Home Loan Program was authorized by the Veterans Housing Act of 1970 (P.L. 91-506) and extended by subsequent legislation passed in 1974 and 1978; the VA is authorized to guarantee loans for the purchase of new or used mobilehomes and/or mobilehome lots meeting VA standards.

Section 8 Housing Assistance Payments (HAP) Program for new construction may be used in connection with a mobilehome park, as well as for conventional multifamily construction. (24 CFR 880, Sec. 880.502b). The Sec. 8 HAP program for existing housing may be used to assist lower income mobilehome owners in leasing spaces in parks, where the local housing authority contracts with park owners to provide rent payments if the homeowners' payments for the mortgage plus space rent exceed 25 percent of income. (Sec. 882.601 et seq.)

Section 207 Mobilehome Park Program provides mortgage insurance to assist in financing construction or rehabilitation of mobilehome parks. There are no income limits for tenant eligibility and adequate provisions must be made for families with children.

Source: Housing and Development Reporter, The Bureau of National Affairs, Inc., Washington, D.C.

APPENDIX B. MAJOR STATE LEGISLATION AND REGULATIONS

The Mobilehome Parks Act^{*} applies to "the installation, use, maintenance, and occupancy of mobilehomes in all parts of the state, wherever located, both within and outside of mobilehome parks. The provisions of this subchapter apply to all installations and connections for supplying fuel gas, water, and electricity to all mobilehomes and for the disposal of sewage from mobilehomes (and)...to the erection, construction, location, use, and maintenance of mobilehome accessory buildings and structures....The provisions of this part apply to all parts of the state and supersede any ordinance enacted by any city, county, or city and county, whether general law or chartered applicable to the provisions of this part....Upon 30 days written notice from the governing body to the department (H&CD) any city, county, or city and county may assume the responsibility for the enforcement of this part and the regulations adopted pursuant thereto following approval by the department for such assumption....Every city, county, or city and county, within its jurisdiction shall enforce all of the provisions of this part and the regulations adopted pursuant thereto, as they relate to mobilehomes and to mobilehome accessory buildings or structures located outside of mobilehome parks...."***

* Regulations contained in Title 25, Part I, Chapter 2 of the California Administrative Code.

*** Ibid., Article 1, paragraph 1004, pages 257-258.

The Mobilehome Residency Law^{*} specifies the contents of the rental agreement between the mobilehome owner and the park owner and sets forth the rights and responsibilities of each with regard to: fees and charges, tenant meetings, termination of tenancy, transfer of mobilehome, legal actions and proceedings.

* Regulations contained in Title 25, Part I, Chapter 2.5 of the California Administrative Code; attached as Appendix C to the Mobilehome Parks Act.

The Factory-Built Housing Law^{*} requires every manufacturer of factory-built housing to "obtain plan approval for each model and to maintain a quality control program in the manufacturing plant. "The manufacturer shall have in-plant inspections performed by one of the following agencies to verify that the units have been produced in accordance with the manufacturer's quality control program and comply with the plans approved by the department (H&CD): ...a certified local inspection agency...an approved quality assurance agency...the department (H&CD)....When the in-plant inspections are performed by a certified local inspection agency or an approved quality assurance agency, the department shall make periodic inspections to verify that the units have been produced in accordance with the quality control program and comply with the plans approved by the department."***

* Health and Safety Code, Division 13, Part 6. The regulations are contained in Title 25, Chapter 3, Subchapter 1.

** Ibid., Article 3, Paragraphs 3302 to 3308, pages 305-6.

The law specifies that the regulations include "requirements reasonably consistent with recognized and accepted standards contained in the most recent editions of the following uniform industry codes as adopted or amended from time to time by the organizations specified:

- (1) The Uniform Housing Code of the International Conference of Building Officials.
- (2) The Uniform Building Code of the International Conference of Building Officials.
- (3) The Uniform Plumbing Code of the International Association of Plumbing and Mechanical Officials.
- (4) The Uniform Mechanical Code of the International Conference of Building Officials and the International Association of Plumbing and Mechanical Officials.
- (5) The National Electrical Code of the National Fire Protection Association.*

* Factory-Built Housing Law, Op.Cit., Chapter 4, paragraph 19990.

In order to carry out the requirements of the Factory-Built Housing Law and implementing regulations, the Department has published "Guidelines for Factory-Built Housing Plan Approval for Residential Buildings" and "...for Building Components/Building Systems," and an accompanying list of approved "quality assurance agencies."

During the 1980 session of the State Legislature, the following bills were passed that have specific relevance for manufactured housing:

ACR 96	Perino	Requires H&CD, with assistance from Seismic Safety Commission, to study specific aspects of seismic damage to mobilehomes.
AB 677	Ellis	Authorizes Caltrans to issue permits allowing movement of 14-foot wide mobilehomes over state highways.
AB 1564	Wray	Local housing elements must include manufactured housing among resources to meet housing need.
AB 1811	Leonard	Generally improves mobilehome tenants' rights regarding rental terms.
AB 2234	Wray	Limits conversions of mobilehome parks to other uses.
AB 2698	Roos	Removes zoning barriers for new manufactured housing developments. Allows movement of 14-foot mobilehomes on state roads.
AB 2740	Mangers	Creates CHFA & H&CD housing assistance loan programs for mobilehome developments. Increases Cal-Vet loan limits.
AB 2915	Gage	Transfers from DMV to H&CD the requirements of titling and registering mobilehomes.
AB 2916	Gage	Revises the permit and inspection fee schedule under the Mobilehome Park Act. Establishes Revolving Fund.
SB 1422	Presley	Sales tax only on initial sale of new mobilehomes, based on 75 percent of sales prices to retailer.
SB 1474	Presley	Reinstates the 40 percent sales tax exemption for factory-built housing.
SB 1722	Craven	Requires subdivider of mobilehome park to file impact report on availability of spaces when converting to other use.
SB 1960	Rains	Requires local governments to permit mobilehomes on foundations that meet certain criteria on lots zoned for single-family housing.*

In addition, broad new housing finance programs were implemented that included opportunities to provide construction incentives for mobilehome developments and homeownership assistance for individuals.

"In a rental project, full development costs will be paid by the State for 30 percent or more of the units to be kept available and affordable to low and very low income families, as well as the elderly and handicapped, for at least 30 years. Eligibility extends to new mobilehome parks, including cooperative parks, of five or more spaces.

"The homeownership assistance component of this legislation (AB 333 and SB 229) provides for State co-investment of up to 49 percent of the cost of a dwelling purchased by a lower income household. Eligibility extends to those living in a mobilehome park being converted to a condominium or cooperative park, and parties who purchase a mobilehome on a permanent foundation outside a park. This program will also provide interim financing assistance to nonprofit corporations or stock cooperatives which are developing mobilehome parks for low and moderate income households."**

* California Communities, Department of Housing and Community Development. Sacramento, No. 36, October 1980.

** Ibid., page 8.

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